

## **Exhibit 3**

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C.  
20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 2, 1977 Commission file number 1-3215.

JOHNSON & JOHNSON

(Exact name of registrant as specified in its charter)

NEW JERSEY

(State or other jurisdiction of  
incorporation or organization)

22-1024240

(I.R.S. Employer  
Identification No.)

NEW BRUNSWICK, NEW JERSEY

(Address of principal executive offices)

08903

(Zip Code)

Registrant's telephone number, including area code 201-524-0400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on  
which registered

Common Stock, Par value \$2.50

New York Stock Exchange

The Toronto Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓

No       

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock, Par Value \$2.50

58,251,616 shares

(2)

JOHNSON & JOHNSON AND SUBSIDIARIES  
1976 ANNUAL REPORT FORM 10-K

Item 1. BUSINESS

The Company, employing approximately 57,900 people worldwide, is engaged in the manufacture and sale of a broad range of products in the health care and other fields in many countries of the world. The Company's primary area of interest, both historically and currently, has been the health care field. "Health care" is used here in the broad sense as encompassing products related to health and well-being and includes, for example, toiletry and baby care items.

The Company's involvement in product lines outside the health care field has generally been a result of the application of resources, technology and products originally designed for the health care field.

The Company is organized on the principles of decentralized management and conducts its business through operating divisions and subsidiaries which are themselves, for the most part, integral, autonomous operations. Direct line or management responsibilities for each company lies with its operating management, headed by a president, general manager or managing director. The chief operating officer of each company reports directly or indirectly (through an executive assistant) to a member of the Board of Directors of Johnson & Johnson. Senior management responsibility for these companies is assigned to members of the Executive Committee which is made up of twelve Directors, nine of whom have operating companies reporting directly or indirectly to them. In line with this policy of decentralization, each international subsidiary is generally managed by citizens of the country where it is located.

MAJOR LINES OF BUSINESS

The Company's business is divided into the following three major lines: Health Care (Domestic), Industrial and Other (Domestic), and International.

The following tables set forth the approximate percentage of consolidated sales and income, after allocation of corporate expenses and before provision for taxes on income, attributable to each of the Company's major lines of business with respect to each of the past five years:

	Sales			Earnings Before Taxes*		
	Health Care (Domestic)	Industrial & Other (Domestic)	Inter- national	Health Care (Domestic)	Industrial & Other (Domestic)	Inter- national
1976	51.7	7.5	40.8	43.3	6.7	50.0
1975	49.8	7.2	43.0	47.3	1.8	50.9
1974	48.3	10.5	41.2	41.9**	7.8**	50.3
1973	48.9	11.6	39.5	47.6	7.0	45.4
1972	53.3	13.5	33.2	52.4	8.9	38.7

The dollars represented by the above percentages are:

(\$ in Thousands)	Health Care (Domestic)	Industrial & Other (Domestic)	Inter- national	Worldwide Total
<u>Sales</u>				
1976	\$1,305,303	187,869	1,029,338	2,522,510
1975	1,108,682	159,278	956,720	2,224,680
1974	935,114	203,012	799,085	1,937,211
1973	789,025	186,660	636,126	1,611,811
1972	702,378	177,795	437,510	1,317,683

Earnings Before Taxes\*

1976	\$156,646	24,033	180,865	361,544
1975	150,758	5,782	162,282	318,822
1974	120,293**	22,370**	144,719	287,382**
1973	137,234	20,022	130,828	288,084
1972	121,598	20,699	89,724	232,021

\* 1975-1972 reclassified to conform to 1976 presentation. Refer to Note 5 to Consolidated Financial Statements on page 27.

\*\* After adjustment for LIFO change (see page 10a).

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Johnson & Johnson Dental Products Company

This division's products include dental restoratives, ceramics and other material for dental reconstructions sold under trademarks such as "ADAPTIC," "DISPERSALLOY," "JOHNSON'S," "STIM-U-DENT" and "CERAMCO." The principal markets for these products are dental professionals, dental laboratories and consumers. Distribution takes place largely through dental supply dealers and directly to dental laboratories.

Jelco Laboratories

This division makes and sells sterile disposable syringes, hypodermic needles, blood collecting needles, blood collecting tubes, catheters, and related items under trademarks such as "JELCO," "CATHLON" and "J-VAC." These products are sold principally through surgical dealers to hospitals, other medical institutions, doctors and dentists.

McNeil Laboratories Incorporated

This subsidiary is engaged in the manufacture and sale of both prescription and non-prescription drugs, including analgesics, muscle relaxants, tranquilizers, anesthetics and sedatives. Included in its product line are TYLENOL Brand Acetaminophen - a non-aspirin analgesic, BUTISOL SODIUM Brand of Sodium Butabarbital - a prescription sedative, HALDOL Brand of Haloperidol - a prescription tranquilizer used in psychotherapy and INNOVAR Brand Neuroleptanalgesic - a product designed to achieve both tranquilization and anesthesia. The latter two products were developed by the Company's Janssen research laboratories in Belgium. Recently introduced products are TOLECTIN Brand antiarthritic and TYLENOL Brand Extra Strength Analgesic.

The principal markets for the products of this subsidiary are the general public, hospitals and other medical institutions and medical and dental professionals. Distribution is made principally through wholesalers to the consumer market and both through wholesalers and directly to other markets.

Ortho Pharmaceutical Corporation

This subsidiary manufactures and sells contraceptive pills, diaphragms, spermicides and other products for family planning, under such trademarks as "ORTHO-NOVUM," "DELFEN" and "ORTHO-GYNOL;" vaginal anti-bacterial and anti-fungal products, vaccines and other therapeutics sold under trademarks such as "MONOSTAT," "SULTRIN" and "SPOROSTACIN," and an anti-worm product sold under the trademark "VERMOX."

The principal markets for these products are consumers, the health care professions and hospital and similar medical institutions. Methods of distribution vary depending upon legal requirements, trade practices and customs. Generally, products destined for the health care professional and institutional fields are distributed dually - directly and through wholesalers. Products destined for the consumer are distributed primarily through wholesalers.

Ortho Diagnostics Inc.

This subsidiary's products include vaccines, blood-typing sera, pregnancy diagnostic tests and other diagnostic products sold under trademarks such as "RHOGAM," "HAPIINDEX," "GRAVINDEX" and "SICKLEDEX." The principal markets for these products are the health care professions, blood banks, and clinical laboratories. These products are distributed both directly and through wholesalers.

Personal Products Company

The field of interest of this subsidiary is primarily products for feminine hygiene. Among its principal products are MODESS Brand Sanitary Napkins, STAY-FREE Brand Absorbent Mini and Maxi Pads and CAREFREE PANTY SHIELD Brand feminine protective pads. These consumer products are distributed through both wholesalers and direct buying independent and chain retail outlets.